

Fiscal Year Return Projections for the United States: 2005 - 2012

*Document 6292
Spring 2005 Update*



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Forecasts Available Electronically

Forecasts from the most recent edition of this publication are also available on the IRS's web site. This site can be reached at www.irs.gov. Select the "Tax Stats" link, then "Products and Publications", and then "Projections" (under the Publications heading). IRS employees can also access this projection product on the IRWeb intranet site by selecting the "Commissioner" link, followed by "Research, Analysis and Statistics", then "Publications," and then "Projections and Forecasting documents."

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Table of Contents

(Spring 2005)

Staff Directory	Inside Front Cover
Forecasts Available Electronically	Inside Front Cover
Overview	1
Data Sources and Projection Methodology	1
Summary of Significant Trends and Revisions	2
Projections and Forecasting Performance Measurement	5
Comments and Questions	6
Table 1. <i>Fiscal Year Projections of the Number of Returns to be Filed with IRS</i>	7
Table 2. <i>Selected Fiscal Year Return Filing Estimates by Business Operating Division</i>	9
Table 3. <i>Accuracy Measures for U.S. Forecasts of Major Return Categories</i>	10
Table Notes	11
Other Projection Documents	Inside Back Cover

Overview

This spring 2005 edition of IRS Document 6292 presents U.S. level projections of returns to be filed with the IRS for fiscal years (FY) 2005 through 2012. The forecasts include breakouts by major form type and filing medium (paper versus e-file), as well as selected detail by IRS business operating division. These projections provide a foundation for IRS workload estimates and resource requirements contained in IRS budget submissions and other major planning documents. The Office of Research staff within the IRS Research, Analysis and Statistics organization develops and updates these forecasts semiannually to reflect changes in filing patterns, statutory requirements, and administrative procedures. The updates also incorporate the current economic and demographic outlook. The projections in this document are based on information available as of early spring 2005.

Enacted tax law changes and confirmed (or reasonably certain) administrative plans are reflected in these return projections. However, legislative or administrative initiatives simply under consideration generally are not used to update these return projections because of the uncertainty of their eventual outcome. As result, the projections of electronically filed (e-file) returns contained in this publication are not goals, per se, and should not be interpreted as precluding an alternate e-file future.

Data Sources and Projection Methodology

The reported actual volumes of returns filed in FY2004 by form type and filing medium are based mainly on filings as recorded on the IRS master files. With a few exceptions, these volumes are the same as those reported in the Internal Revenue Service Data Book (Publication 55B) for that processing year. However, master file counts were not available in a few instances. In these cases, tallies of actual filings were provided by program staff, typically from data capture systems located in the IRS processing campuses.

The forecasts presented in Document 6292 are based on various statistical models that capture and extrapolate historical filing trends, by each unique form type/medium of filing. In summary, most models use time series extrapolation methods such as trended exponential smoothing approaches. However, some are based on regression models that use economic and demographic variables such as total employment and gross domestic product. In these instances, forecasts of the economic and demographic data series used by Research staff as the “predictor variables” are provided by Global Insight. Also, where historical data are limited or non-existent, such as for new e-file products, the filing pattern for a comparable return type is applied. The projections are generally made on a calendar year basis, first, and then converted to fiscal year based on the quarterly filing experience of one or more historical periods.

Summary of Significant Trends and Revisions

A summary of the major trends and other significant factors embedded in this edition of Document 6292 are noted below.

More e-file Forecasts Included

In response to customer requests, Document 6292 has been expanded and now includes all the major e-file tax return categories for which IRS programs exist, or for which scheduled implementation plans are in place. Thus, included for the first time in this spring 2005 edition are the e-file projections for the individual return types. We have also added e-file projections for Forms 944, 8871, 8872 and 7004. With these changes, the major e-file tax return categories now covered in this publication are as follows: Form 1040 series, Form 1040ES and Form 4868—for individual returns; Forms 940, 941, 944, 1065, 1041, 1120, 1120S and 7004—for business returns; and Forms 990, 990EZ, 990PF, 1120POL, 8871, 8872 and 8868—for tax exempt organization returns.

New e-file Mandates

In January 2005, IRS released temporary regulations which imposed e-file mandates for some large corporations and tax exempt organizations whose assets exceed certain thresholds. However, these e-file mandates only apply to those corporation and tax exempt entities that file at least 250 other returns with the IRS during a calendar year (which includes other tax returns such as Forms 941, as well as information returns such as Forms W-2, 1099-DIV and Schedules K-1). The e-file mandates require corporations with total assets of at least \$50 million to e-file their Forms 1120 and 1120S returns beginning in tax year 2005 (filing year 2006). This e-file requirement is expanded to corporations with at least \$10 million in assets effective in tax year 2006. In total, we estimate that about 13,000 Form 1120/1120S filers will fall under the e-file mandates for tax year 2005, and around 30,000 for tax year 2006.

Similarly, tax exempt organizations with \$100 million or more in assets in tax year 2005 will be required to file their Form 990 electronically, with this threshold lowered to \$10 million beginning in tax year 2006. These e-file mandates are expected to impact an estimated 1,200 Form 990 filers in tax year 2005 and around 10,000 by tax year 2006. Also impacted are private foundations and charitable trusts which will be required to file their Form 990-PF electronically, starting in tax year 2006, regardless of their asset size. However, less than 100 Form 990-PF filers are likely to be impacted by the mandate. Corresponding adjustments have been made to the e-file forecasts for Forms 1120, 1120S, 990 and 990-PF in this edition of Document 6292 to account for the impact of these new e-file mandates.

In addition, while legislation has been passed mandating e-file for certain Form 2290 filers, no implementation date for such a system has yet been determined. Hence, we currently offer no e-file forecasts for this particular return series. However, as e-file

system plans are put in place for Form 2290 and other return types in the future, we will expand their coverage in future editions of Document 6292.

Cessation of IRS TeleFile Programs

In February 2005, IRS announced it would shut down its TeleFile programs after the 2005 filing season. Thus, the respective TeleFile programs in the Forms 1040EZ, 4868 and 941 areas will come to an end after this year. Our corresponding forecasts in this update reflect this program decision. They include applicable adjustments wherein some current TeleFile users are expected to switch to other e-file alternatives (such as on-line filing), while others revert back to paper.

Changes in Estate Tax

The Economic Growth and Tax Relief Reconciliation Act of 2001 has a significant impact on estate tax law. The tax relief act reduces estate tax liability by raising the allowable exempt amount of taxable estates and by lowering the maximum tax rate for calendar years 2002 through 2009. Under current law, the estate tax will be repealed for deaths occurring in 2010, only. In 2011, the estate tax law will then revert to the law in place before June 7, 2001. The effects of the 2001 tax law account for the unique trend in estate tax return filings over the forecast horizon covered in this document.

Employee Plans Returns

The Internal Revenue Service no longer processes Employee Plans (EP)—Form 5500 series—returns. That responsibility now resides with the Department of Labor. Therefore, there are no EP volumes presented in Table 1. However, staff with IRS Tax Exempt/Government Entities (TE/GE) Division still needs projected volumes for EP returns for other IRS resource planning purposes. Thus, projections for EP returns are presented in Table 2, *Selected Fiscal Year Return Filing Estimates by Business Operating Division*.

Forms 5500 and 5500EZ are multi-agency EP returns that are filed to satisfy reporting requirements to Internal Revenue Service, Department of Labor, and Pension Benefit Guaranty Corporation. The 2004 actual EP filing volume reflects a count of all returns posted to the Employee Plan Master File, including welfare benefit plan returns. However, the projected volume of EP returns is based on data from the 208-18-10 Report which excludes welfare benefit plans and provides a more accurate count of the number of Forms 5500 and 5500EZ for which IRS has jurisdiction in the future. Hence, the forecast of EP returns is lower than the 1.1 million returns processed in 2004.

New Form 944

In an effort to reduce taxpayer burden on small business, IRS plans to make Form 944, an annualized version of Form 941 (*Employer's Quarterly Federal Tax Return*), available to taxpayers starting in January 2007. Form 944 will be available to filers with annual

employment tax liability of \$1,000 or less. Instead of filing quarterly Form 941 returns, eligible taxpayers will be required to file Form 944 once a year. Consequently, as qualified taxpayers switch to filing Form 944, return volumes of Form 941 will drop—beginning in mid-FY 2006. Around 925,000 taxpayers are expected to switch to Form 944 in its first year. This spring 2005 edition of Document 6292 now reflects forecasts for the new Form 944, including its e-file versus paper components. Our forecasts of Form 941 return volumes (both e-file and paper) also include downward adjustments for the estimated impact of the new Form 944.

Fiduciary (Form 1041) Returns

Potential regulatory changes for tax year 2005 would modify the filing requirements for certain trusts. In effect, a significant volume of fiduciary Form 1041 returns (particularly among the electronically filed returns) would instead be reported via the Form 1099 series. The change would likely result in a decrease of approximately 450,000 Forms 1041. However, due to the tentative nature of this proposed regulation, its effect has not been reflected in this update of Document 6292.

Expansion of Form 7004

The projections in this publication also reflect the expanded scope of Form 7004, which is currently used to request an extension of time to file a corporation income tax (Form 1120 series) return. Starting in 2006, Form 7004 will not only be used for filing extensions on corporate returns but also extensions for partnership (Form 1065) and fiduciary (Form 1041) returns. Since a sizable volume of extensions are currently requested for the filing of Forms 1065 and 1041, the projected volume of Forms 7004 in this edition of Document 6292 shows a dramatic increase (upward level shift in the series) beginning in 2006.

Detail by Business Operating Division

Table 2 presents estimates of selected return filings by IRS “Business Operating Divisions” (BODs). The selected returns include total individual income tax returns, total corporation income tax returns, partnership returns, total employment returns, total excise returns, and the exempt organization returns. Where applicable, these volumes are broken out by their operating division components: “Wage and Investment” (W&I), “Small Business/Self Employed” (SB/SE), “Large and Mid-Sized Business” (LMSB) and “Tax Exempt/Government Entities” (TE/GE). Also included are projected total filings of employee plans (EP) returns (processed by the Department of Labor), which comprise major return filings by taxpayers served by the TE/GE operating division.

Trend in Grand Total Return Filings

As presented in Table 1, grand total return filings are expected to reach 225.8 million in fiscal year 2005—a growth of only 0.01 percent over FY 2004. In contrast, grand total filings for FY2006 are expected to increase a more substantial 1.7 percent over 2005—to

229.6 million returns. However, the steeper 2006 increase partly reflects the impact of the expansion of Form 7004 to include extensions for time to file partnership and fiduciary returns. After FY 2006, grand total return filings are projected to grow at an average rate of around 1.2 percent—reaching about 247.1 million by FY 2012.

Projections and Forecasting Performance Measurement

In an ongoing effort to provide our customers a measurement of the quality of our Projections and Forecasting Group products and services, we present updated versions of our “Track Record” and “Customer Satisfaction Survey” results. The track record provides statistical measures of our forecasting accuracy, while the survey presents information on the level of satisfaction customers find in our products and services. We include this feedback (on our performance) in all of our major tax return projection publications, and act upon these results in attempts to improve our service.

Track Record of Projection Accuracy

The “track record” section, presented as Table 3, provides a summary analysis of the accuracy of prior projections prepared by the Projections and Forecasting Group from 1996 to 2003. For manageability purposes, this track record material covers only the major return categories. Using the four most recent calendar years of actual data, 2001 through 2004, Table 3 presents the accuracy of our national level projections—by major tax return category, filing medium and forecast time horizon. It expresses those measures in terms of mean absolute percent errors which customers can use to gauge the overall reliability of our U.S. level return projections. Table 3 also includes a second measure of accuracy, which is the number of over projections during the last four forecast cycles. This measure can be used to gauge whether we have a tendency to over project (values of 3 or 4), or under project (values of 0 or 1), a return series—or to achieve the desired balance of both (a value of 2).

Customer Satisfaction Survey

As part of our commitment to performance measurement, the Projections & Forecasting Group also recently conducted our sixth annual survey of IRS customers to determine satisfaction levels with our products and services. The table on the following page summarizes the results of those surveys on five major dimensions.

Projections & Forecasting Group Customer Satisfaction Survey Result*

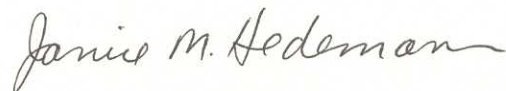
<u>Measure</u>	Percent "Somewhat Satisfied" thru "Totally Satisfied"						Percent "Totally Satisfied"	
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Accuracy	80.8	87.2	87.8	82.7	83.4	81.7	59.3	60.0
Timeliness	84.6	84.2	88.2	95.7	83.3	81.7	57.4	60.0
Responsiveness of PFG Staff	68.6	65.6	73.7	73.9	68.0	70.0	64.2	68.3
Product Meeting Needs	N/A	N/A	N/A	93.5	83.3	80.3	53.7	65.6
Overall Satisfaction	94.2	92.7	91.4	95.6	92.6	78.3	66.7	63.3

* In 2004, the rating scale on the Projections & Forecasting Group customer satisfaction survey was changed to conform to the standard used for all offices within Research, Analysis and Statistics. Data were configured above to provide both a comparable historical trend, plus information on the newer "totally satisfied" demarcation.

During fiscal year 2004 and the first part of fiscal year 2005, the Projections and Forecasting Group experienced an acute staffing shortage. This resource shortage in the group delayed the delivery of several major projection products during the period. However, new staff have since been added to the group and the timeliness of PFG products is expected to improve in the future.

Comments and Questions

We thank customers who have participated in our past surveys and ask for your continued cooperation in future iterations. Also, we continually seek to improve customer service wherever we can and so we welcome customer feedback at any time. Comments and suggestions regarding this document can be directed to Russell Geiman, Chief, Projections & Forecasting Group at (202) 874-0607. Questions concerning a specific tax return listed in this document may also be directed to the projections staff listed on the inside front cover. Finally, the tables contained in this document are also available electronically, as noted on the inside front cover.



Janice M. Hedemann
Director, Office of Research

Table 1. Fiscal Year Projections of the Number of Returns to be Filed with IRS

Type of Return	Actual - FY	Projected - Fiscal Ye							
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Grand Total	225,755,958	225,785,700	229,631,500	232,091,900	235,141,200	238,135,000	241,149,900	244,182,000	247,101,800
Total Primary Returns	206,232,446	205,671,900	206,191,500	207,812,700	210,161,900	212,440,000	214,755,400	217,083,700	219,323,800
Individual Income Tax, Total	131,301,693	132,191,200	133,963,000	135,612,900	137,106,800	138,470,400	139,878,000	141,314,100	142,680,900
Forms 1040, 1040A and 1040EZ	130,582,596	131,442,400	133,178,200	134,792,100	136,250,000	137,577,600	138,949,300	140,349,400	141,680,200
Paper Forms 1040/1040A/1040EZ	69,333,558	63,477,600	59,442,000	55,041,400	51,256,400	48,074,400	45,484,600	43,389,800	42,296,600
Electronic Individual Returns	61,249,038	67,964,800	73,736,100	79,750,700	84,993,600	89,503,200	93,464,700	96,959,600	99,383,500
Form 1040NR	605,319	632,300	665,900	699,400	733,000	766,500	800,000	833,600	867,100
Forms 1040PR and 1040SS	113,778	116,500	118,900	121,400	123,800	126,200	128,700	131,100	133,600
Individual Estimated Tax, Form 1040-ES	29,024,589	26,645,300	26,789,400	26,990,800	27,173,800	27,362,500	27,555,600	27,739,600	27,915,400
Paper Form 1040ES	28,971,335	26,579,500	26,712,700	26,903,000	27,074,900	27,252,300	27,433,900	27,606,300	27,770,500
Electronic (Credit Card) Form 1040ES	53,254	65,900	76,700	87,700	98,900	110,200	121,700	133,300	144,900
Fiduciary, Form 1041	3,734,651	3,755,300	3,797,700	3,842,000	3,890,100	3,942,500	3,999,400	4,054,600	4,108,500
Paper Fiduciary Returns	2,406,206	2,377,500	2,365,700	2,355,800	2,348,500	2,344,000	2,342,200	2,339,400	2,335,900
Electronic Fiduciary Returns	1,328,445	1,377,800	1,432,000	1,486,200	1,541,600	1,598,500	1,657,200	1,715,100	1,772,600
Fiduciary Estimated Tax, Form 1041-ES	691,483	697,300	731,200	764,700	797,900	830,800	863,500	896,000	928,300
Partnership, Forms 1065 and 1065B	2,520,846	2,666,900	2,804,900	2,940,300	3,072,400	3,200,500	3,323,700	3,441,400	3,552,800
Paper Partnership Returns	2,429,687	2,494,700	2,567,500	2,628,900	2,675,500	2,706,400	2,721,100	2,718,600	2,698,300
Electronic Partnership Returns	91,159	172,200	237,400	311,400	397,000	494,000	602,700	722,800	854,500
Corporation Income Tax, Total	6,067,812	6,129,700	6,279,200	6,439,700	6,601,400	6,777,000	6,956,400	7,132,300	7,299,000
Paper Corporation Returns, Total	6,020,283	5,922,100	5,842,300	5,636,800	5,330,800	5,003,900	4,774,300	4,647,000	4,577,300
Electronic Corporation Returns, Total	47,529	207,600	437,000	802,900	1,270,600	1,773,100	2,182,100	2,485,300	2,721,700
Forms 1120 and 1120A	2,319,747	2,268,700	2,250,200	2,231,300	2,212,300	2,193,400	2,174,500	2,155,500	2,136,600
Electronic 1120/1120A	12,476	57,000	134,400	248,500	394,700	554,400	680,000	762,000	814,800
Form 1120F	27,943	26,500	27,300	28,200	29,100	30,100	31,100	32,100	33,000
Form 1120H	159,103	171,800	179,600	185,900	192,000	198,700	203,700	208,100	212,400
Forms 1120L/PC/SF/FSC/REIT/RIC	22,034	22,400	22,600	22,900	23,700	24,500	25,200	25,900	26,600
Form 1120S	3,538,985	3,640,200	3,799,500	3,971,400	4,144,200	4,330,400	4,522,000	4,710,700	4,890,400
Electronic 1120S	35,053	150,600	302,500	554,400	875,900	1,218,700	1,502,100	1,723,300	1,906,900
Small Corporation Election, Form 2553	545,884	601,700	633,800	655,400	677,300	700,800	725,200	749,300	772,300
"REMIC" Income Tax, Form 1066	19,044	22,300	25,500	28,800	32,100	35,300	38,600	41,800	45,100
Estate, Forms 706, 706NA/GS(D)/GS(T)	73,340	56,700	45,900	35,200	29,400	27,400	20,600	10,500	39,000
Gift, Form 709	249,019	260,100	257,500	255,000	252,600	250,400	248,400	246,400	244,600
Employment Tax, Total	30,398,081	30,616,400	28,997,000	28,338,000	28,587,600	28,854,400	29,125,400	29,388,400	29,635,200
Paper Employment Returns, Total	24,774,033	24,675,600	23,098,000	22,141,000	21,970,000	21,796,100	21,606,000	21,386,200	21,127,200
Magnetic Tape Employment Returns, Total	982,909	-	-	-	-	-	-	-	-
Electronic Employment Returns, Total	4,641,139	5,940,900	5,899,000	6,196,900	6,617,600	7,058,300	7,519,300	8,002,100	8,508,000
Form 940, Total	5,769,863	5,794,700	5,825,000	5,856,000	5,883,600	5,910,000	5,931,800	5,950,000	5,964,600
Paper Forms 940, 940EZ and 940PR	4,885,002	4,842,400	4,809,900	4,775,300	4,737,400	4,697,900	4,654,300	4,607,400	4,557,500
Magnetic Tape, Form 940	472,532	-	-	-	-	-	-	-	-
Form 940 E-File/On-line/XML	412,329	952,400	1,015,100	1,080,600	1,146,200	1,212,100	1,277,500	1,342,500	1,407,100
Forms 941, 941PR and 941SS, Total	24,199,128	24,404,800	22,766,600	21,162,900	21,386,800	21,628,400	21,878,600	22,123,500	22,355,300
Paper 941, 941PR/SS, Total	19,459,941	19,416,300	17,882,700	16,077,500	15,946,600	15,813,700	15,668,600	15,496,100	15,287,000
Magnetic Tape, Form 941	510,377	-	-	-	-	-	-	-	-
Form 941 E-File/On-line/XML	3,397,137	4,136,000	4,883,900	5,085,400	5,440,200	5,814,700	6,210,000	6,627,400	7,068,200
Form 941 TeleFile	831,673	852,500	-	-	-	-	-	-	-
Form 944	NA	-	-	925,000	934,300	944,300	954,200	965,100	976,200
Paper Form 944	NA	-	-	894,100	903,200	912,800	922,400	932,900	943,700
Electronic Form 944	NA	-	-	30,900	31,200	31,500	31,800	32,200	32,600
Forms 943, 943 PR and 943SS	270,095	263,200	257,200	251,200	245,100	239,100	233,000	227,000	221,000
Form 945	157,007	151,700	146,300	141,000	135,800	130,700	125,800	120,900	116,200
Form CT-1	1,988	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Notes:

See Table Notes page for definitions of "Type of Return."

Detail may not add to subtotal/total due to rounding.

Table continues on the next page.

 Internal Revenue Service
 Office of Research, Projections and Forecasting Group
 Spring 2005 Document 6292

Table 1 (continued). Fiscal Year Projections of the Number of Returns to be Filed with IRS

	Actual - FY	Projected - Fiscal Ye								
Type of Return	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Withholding on Foreign Persons, Form 1042	31,590	31,400	32,100	32,700	33,400	34,000	34,700	35,400	36,000	
Exempt Organization, Total*	792,910	843,600	865,200	900,600	920,000	955,300	974,500	1,009,600	1,028,700	
Paper Exempt Organization, Total	792,445	840,200	855,400	874,600	872,900	888,900	890,900	905,100	901,900	
Electronic Exempt Organization, Total	465	3,400	9,800	26,000	47,100	66,400	83,500	104,500	126,700	
Form 990	391,143	420,500	430,400	455,700	464,900	490,100	499,400	524,600	533,800	
Form 990, Electronic	208	2,300	6,700	19,500	34,500	47,000	58,100	72,100	86,600	
Form990EZ	143,398	145,000	149,100	152,300	155,500	158,800	162,000	165,200	168,400	
Form 990EZ, Electronic	257	1,100	2,400	4,800	9,100	12,600	16,300	20,400	25,000	
Form 990PF	83,137	90,300	94,700	98,600	102,500	106,400	110,300	114,200	118,000	
Form 990PF, Electronic	NA	100	800	1,700	3,500	6,800	9,200	11,900	15,100	
Form 990T	47,909	58,300	59,200	60,100	61,100	62,000	62,900	63,900	64,800	
Form 4720	2,063	2,000	2,100	2,200	2,300	2,400	2,400	2,500	2,600	
Form 5227	125,260	127,500	129,700	131,700	133,700	135,600	137,500	139,300	141,000	
Form 990C *	3,697	3,400	3,200	3,100	3,000	2,900	2,800	2,700	2,500	
Government Entity/Bonds, Total	54,668	53,800	55,300	56,400	57,400	58,400	59,400	60,400	61,500	
Form 8038	4,991	4,400	4,500	4,600	4,700	4,700	4,800	4,900	4,900	
Form 8038G	31,974	31,600	32,500	33,200	33,900	34,600	35,200	35,900	36,600	
Form 8038GC	14,985	14,700	15,000	15,300	15,600	15,900	16,100	16,400	16,700	
Form 8038T	2,514	2,800	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
Form 8328	204	200	200	200	200	200	200	300	300	
Political Organizations, Total	9,374	10,000	10,400	9,900	10,000	9,500	9,700	9,200	9,400	
Form 1120POL	5,495	5,300	5,100	4,900	4,800	4,600	4,400	4,300	4,100	
Electronic Form 1120POL	-	-	-	100	300	300	400	500	600	
Form 8871	1,410	1,400	1,800	1,600	1,800	1,600	1,800	1,600	1,800	
Electronic Form 8871	1,410	1,400	1,800	1,600	1,800	1,600	1,800	1,600	1,800	
Form 8872	2,469	3,300	3,500	3,400	3,500	3,400	3,500	3,400	3,500	
Electronic Form 8872	1,268	2,100	2,300	2,300	2,400	2,400	2,500	2,500	2,600	
Excise, Total	647,263	1,023,800	839,500	848,400	859,600	872,300	885,800	899,700	914,000	
Form 11-C	9,698	9,300	9,100	9,000	8,900	8,800	8,700	8,600	8,500	
Form 720	120,829	107,200	97,400	91,600	88,200	86,200	85,000	84,300	83,900	
Form 730	46,431	46,300	45,500	44,600	43,600	42,600	41,700	40,700	39,800	
Form 2290	470,305	861,000	687,500	703,300	719,000	734,700	750,400	766,100	781,800	
Electronic Form 2290			Implementation date for a Form 2290 e-file system was uncertain at time of publication.							
Excise Taxes re Employee Plans, Form 5330	24,641	22,600	21,700	20,800	20,000	19,100	18,300	17,400	16,600	
Payment or Refund under Sec. 7519, Form 8752	41,861	40,400	39,100	38,100	37,100	36,300	35,500	34,800	34,100	
Supplemental Documents	19,523,512	20,113,800	23,440,000	24,279,300	24,979,300	25,695,100	26,394,500	27,098,300	27,778,000	
Form 1040X	3,271,290	3,282,700	3,322,300	3,384,600	3,445,000	3,500,200	3,551,000	3,602,000	3,653,400	
Form 4868	8,705,867	9,089,200	9,375,000	9,660,700	9,946,500	10,232,200	10,518,000	10,803,700	11,089,500	
Electronic Form 4868	1,360,661	1,757,000	2,077,200	2,413,400	2,765,800	3,134,400	3,519,000	3,919,900	4,336,800	
Form 2688	3,600,043	3,591,100	3,698,500	3,805,600	3,912,700	4,019,800	4,126,900	4,234,000	4,341,200	
Form 1120X	13,756	12,900	12,500	12,200	11,900	11,600	11,300	11,000	10,700	
Form 5558	354,161	353,500	349,800	346,200	342,500	338,900	335,200	331,500	327,900	
Form 7004	3,152,024	3,318,900	6,206,500	6,573,800	6,815,500	7,066,400	7,317,100	7,560,400	7,790,900	
Electronic Form 7004	NA	46,300	290,500	551,700	983,200	1,527,500	2,091,300	2,538,000	2,872,900	
Form 8868	426,371	465,500	475,400	496,200	505,300	526,000	535,000	555,600	564,500	
Electronic Form 8868	273	1,600	4,600	9,200	17,200	32,200	44,000	57,400	71,300	

Notes:

See Table Notes page for definitions of "Type of Return."

Detail may not add to subtotal/total due to rounding.

*Exempt Organization Total excludes Form 990C.

Internal Revenue Service
Office of Research, Projections and Forecasting Group
Spring 2005 Document 6292

Table 2. Selected Fiscal Year Return Filing Estimates by Business Operating Division (BOD)

Type of Return/BOD	Actual - FY 2004	Projected - Fiscal Year							
		2005	2006	2007	2008	2009	2010	2011	2012
Individual Income Tax, Total	131,301,693	132,191,200	133,963,000	135,612,900	137,106,800	138,470,400	139,878,000	141,314,100	142,680,900
Small Business/Self Employed	38,417,825	39,605,500	41,152,900	42,669,100	44,129,400	45,542,800	46,969,700	48,425,900	49,822,000
Wage and Investment	92,883,868	92,585,800	92,810,000	92,943,800	92,977,300	92,927,600	92,908,300	92,888,200	92,858,800
Corporation Income Tax, Total	6,067,812	6,129,700	6,279,200	6,439,700	6,601,400	6,777,000	6,956,400	7,132,300	7,299,000
Small Business/Self Employed	5,968,401	6,033,900	6,182,600	6,342,200	6,502,800	6,677,000	6,855,000	7,029,600	7,194,600
Large and Mid-Sized Business	90,686	87,200	88,000	88,900	90,100	91,500	92,900	94,300	95,900
Tax Exempt/Government Entities	8,725	8,600	8,600	8,600	8,600	8,600	8,500	8,500	8,500
Partnership Returns	2,520,846	2,666,900	2,804,900	2,940,300	3,072,400	3,200,500	3,323,700	3,441,400	3,552,800
Small Business/Self Employed	2,443,303	2,584,800	2,718,100	2,848,800	2,976,300	3,099,600	3,218,200	3,331,200	3,437,900
Large and Mid-Sized Business	77,256	81,800	86,500	91,100	95,800	100,500	105,200	109,800	114,500
Tax Exempt/Government Entities	287	300	300	300	300	400	400	400	400
Employment Tax, Total	30,398,081	30,616,400	28,997,000	28,338,000	28,587,600	28,854,400	29,125,400	29,388,400	29,635,200
Small Business/Self Employed	27,749,212	27,948,200	26,306,500	25,621,700	25,845,400	26,084,400	26,326,800	26,561,500	26,781,500
Large and Mid-Sized Business	617,478	621,200	625,600	630,700	635,800	641,300	646,800	652,200	657,300
Tax Exempt/Government Entities	2,031,391	2,047,000	2,064,900	2,085,500	2,106,300	2,128,700	2,151,800	2,174,600	2,196,300
Excise, Total	647,263	1,023,800	839,500	848,400	859,600	872,300	885,800	899,700	914,000
Small Business/Self Employed	559,054	925,600	751,700	762,500	774,900	788,300	802,100	816,300	830,700
Large and Mid-Sized Business	54,539	64,500	55,300	54,100	53,600	53,600	53,700	54,100	54,500
Tax Exempt/Government Entities	33,670	33,700	32,500	31,800	31,100	30,500	29,900	29,300	28,800
Exempt Organization, Total	792,910	843,600	865,200	900,600	920,000	955,300	974,500	1,009,600	1,028,700
Tax Exempt/Government Entities	792,910	843,600	865,200	900,600	920,000	955,300	974,500	1,009,600	1,028,700
Employee Plans, Forms 5500, 5500EZ and 5500C/R	1,140,256	968,300	968,300	968,300	968,300	968,300	968,300	968,300	968,300
Tax Exempt/Government Entities	1,140,256	968,300	968,300	968,300	968,300	968,300	968,300	968,300	968,300

Notes:

Form 990C returns are considered Large and Mid-Sized Business and are excluded from the Exempt Organization total.
Projections of Employee Plans returns are based on the 208-18-01 Report excluding welfare benefit plans; the 2004 count reflects all postings to the Employee Plans Master File.
Detail may not add to total due to rounding.

Internal Revenue Service
Office of Research, Projections and Forecasting Group
Spring 2005 Document 6292

Table 3. Accuracy Measures for U.S. Forecasts of Major Return Categories
Mean Absolute Percent Error (MAPE) and Number of Overprojections
for the Four (4) Most Recent Projection Cycles

Item	Calendar Year 2004 Actual * (thousands)	Projection Error on Forecasts for:				
		1 Year Ahead N=4	2 Years Ahead N=4	3 Years Ahead N=4	4 Years Ahead N=4	5 Years Ahead N=4
Grand Total - Selected Returns *	223,032					
MAPE		2.10%	4.54%	5.67%	5.88%	5.97%
Number of Overprojections		4	4	4	4	3
Grand Total - Paper	153,004					
MAPE		2.81%	6.22%	na	na	na
Number of Overprojections		4	4	-	-	-
Grand Total - E-file/ Mag Tape	70,028					
MAPE		3.88%	3.78%	na	na	na
Number of Overprojections		2	1	-	-	-
Total Primary - Selected Returns *	204,427					
MAPE		2.30%	4.92%	6.03%	6.54%	6.36%
Number of Overprojections		4	4	4	4	3
Primary Total - Paper	135,759					
MAPE		3.07%	6.90%	na	na	na
Number of Overprojections		4	4	-	-	-
Primary Total - E-file/ Mag Tape	68,669					
MAPE		3.37%	3.52%	na	na	na
Number of Overprojections		2	1	-	-	-
Individual Total	131,298					
MAPE		0.70%	1.70%	1.92%	1.51%	1.47%
Number of Overprojections		4	3	3	2	2
Individual Total - Paper	69,869					
MAPE		2.32%	4.80%	7.78%	11.85%	20.36%
Number of Overprojections		3	3	3	4	4
Individual Total - E-file	61,428					
MAPE		3.69%	4.98%	11.08%	19.22%	33.11%
Number of Overprojections		2	1	1	1	0
Individual Estimated Tax	27,669					
MAPE		12.42%	25.74%	32.09%	35.55%	35.47%
Number of Overprojections		4	4	4	4	3
Fiduciary Total	3,722					
MAPE		3.02%	3.33%	4.79%	3.33%	4.10%
Number of Overprojections		2	3	3	2	2
Partnership Total	2,546					
MAPE		2.97%	3.97%	4.48%	7.42%	12.55%
Number of Overprojections		1	1	1	1	0
Corporation Total	6,013					
MAPE		2.61%	2.47%	3.20%	4.47%	3.20%
Number of Overprojections		2	2	2	3	3
Employment Total	30,464					
MAPE		2.03%	2.04%	2.11%	2.66%	2.90%
Number of Overprojections		1	2	2	2	3
Exempt Organization Total	807					
MAPE		5.61%	4.84%	3.91%	8.71%	5.39%
Number of Overprojections		2	1	3	2	0
Excise Total	835					
MAPE		5.32%	6.21%	9.54%	10.04%	9.64%
Number of Overprojections		4	4	4	4	4

* Some actuals shown in this table differ from official counts reported elsewhere because they exclude certain return series only recently projected and whose accuracy can not yet be evaluated.

Internal Revenue Service
Office of Research, Projections and Forecasting Group
2005

Table Notes

Detail may not add due to rounding.

Projections are based on counts of returns filed as recorded in the *Reports of Returns Posted to the IRS Master Files*, with a few exceptions. In particular, complete master file counts were not available for the following forms and had to be supplied by operating division staff from secondary sources: Forms 2553, 5558, 8868, 8871 and 8872, as well as Form 941 magnetic tape and Form 4868 TeleFile.

Notes below are grouped by applicable table.

Table 1:

“Grand Total” is the sum of “Total Primary Returns” and “Supplemental Documents.”

“Total Primary Returns” is the sum of all returns, excluding “Supplemental Documents.”

“Individual Income Tax, Total” is the sum of paper and electronic Forms 1040, 1040A, 1040EZ, 1040NR, 1040PR, and 1040SS.

“Forms 1040, 1040A, and 1040EZ” is the sum of the paper and electronic Forms 1040, 1040A, and 1040EZ.

“Fiduciary” returns include both paper and electronic Form 1041.

“Partnership” includes both paper and electronic Form 1065, and Form 1065-B.

“Corporation Income Tax, Total” includes Forms 1120/1120A (both paper and electronic), 1120F, 1120H, 1120L, 1120PC, 1120SF, 1120FSC, 1120REIT, 1120RIC, and 1120S (both paper and electronic). As a result of enacted legislation, no Form 1120FSC returns are expected beyond FY 2005.

“Form 2553” is the *Election by a Small Business corporation*.

“Form 1066” is the *U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return*.

“Estate” includes Forms 706, 706NA, 706GS(D), and 706GS(T).

“Form 709” is the *United States Gift (and Generation-Skipping Transfer) Tax Return*.

“Employment Tax” includes paper, magnetic tape and electronic Forms 940, 940EZ, 940PR, 941, 941PR, 941SS, 943, 943PR, 943SS, 944, 945, and CT-1.

“Form 1042” is the *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*. It is sometimes considered an employment tax return, but listed separately here.

“Exempt Organization” includes Forms 990, 990EZ, 990PF, 990T, 4720, and 5227.

“Form 990C” is the *Farmer’s Cooperative Association Income Tax Return*, filers of which are considered customers of the IRS Large and Mid-Size Business Division.

“Government Entities /Bonds” includes Forms 8038, 8038G, 8038GC, 8038T and 8328.

“Political Organizations” includes Forms 1120POL, 8871 and 8872.

“Excise, Total” includes Forms 11-C, 720, 730, and 2290.

“Form 5330” is the *Return of Excise Taxes Related to Employee Benefit Plans*.

“Form 8752” is the *Required Payment or Refund Under Section 7519*.

“Supplemental Documents” consist mainly of applications for extensions of time to file and amended tax returns, which include Forms 1040X, 4868 (both paper and electronic), 2688, 1120X, 5558, 7004 (both paper and electronic), and 8868 (both paper and electronic).

Table 2:

Individual filers classified as “Small Business/Self Employed” reflect those with a Schedule C, Schedule F, Schedule E and/or Form 2106 attached, or with mailing addresses or forms considered “International”. All other individual filers are classified as “Wage and Investment.”

In general, corporation filers (Form 1120 series returns including Form 1120S) and partnership filers are classified as “Large and Mid-Sized Business” if their reported total assets are \$10 million or more. Corporation and partnership returns with assets below \$10 million are generally classified as “Small Business/Self Employed.” However, there are also some partnership and corporation returns classified as part of the “Tax Exempt/Government Entities” operating division.

Non-profit organizations, pension plan filers, tribal authorities, and governmental units comprise the “Tax Exempt/Government Entities” classification.

“Employee Plans” returns include paper and electronic Forms 5500, 5500C, 5500EZ and 5500R, in years applicable. IRS turned over the submission processing of Employee Plans returns to the Department of Labor in July 2001. However, IRS continues to have other “down stream” administrative responsibilities for EP returns such as compliance programs.

Counts by operating division in this table are based primarily upon the IRS master file “BOD indicator” which is a single, dynamic, taxpayer level identifier (in contrast to a return-by-return identifier).

Other Projection Documents

<u>Title</u>	<u>IRS Document Number</u>	<u>Typical Updates</u>
<i>Calendar Year Return Projections by State</i>	6149	Winter
<i>Calendar Year Return Projections for the United States and IRS Campuses</i>	6186	Fall
<i>Calendar Year Projections of Individual Returns by Major Processing Categories</i>	6187	Fall
<i>Calendar Year Projections of Information and Withholding Documents for the United States and IRS Campuses</i>	6961	Spring

These documents are available electronically as noted inside the front cover.

These documents may also be requested

(1) by phone at (202) 874-0607,

(2) by fax at (202) 874-0613, or

(3) by writing to the following address

**Internal Revenue Service
Office of Research RAS:R
Attn: Chief, Projections and Forecasting
1111 Constitution Avenue, NW, NCA-7111
Washington, D.C. 20224**